

PUBLIC DISCLOSURE

January 10, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BOSTON PRIVATE BANK & TRUST COMPANY

**TEN POST OFFICE SQUARE
BOSTON, MA 02109**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **BOSTON PRIVATE BANK & TRUST COMPANY** ("Boston Private" or the "Bank") prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **January 10, 2005**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Outstanding"

Under the Lending Test, the Bank is assigned an overall rating of Outstanding. Approximately, 65.7 percent of the Bank's mortgage loans and 60.2 percent of the Bank's small business loans were made in the assessment area. Lending was well distributed throughout the assessment area. The Bank's distribution of home mortgage and small business loans among the various census tracts was excellent. The Bank's distribution of its home mortgage loans among borrowers of different income levels was excellent given the assessment area's demographics and the comparison of all other Home Mortgage Disclosure Act ("HMDA") reporting lenders within the assessment area. The Bank has been instrumental in providing financing for low and moderate-income homebuyers. The Bank continues to be an active community development lender and finances projects that create and preserve affordable housing in the community. The Bank's use of innovative and flexible lending products is a definite strength of the institution and is considered excellent. In addition, the Bank's fair lending performance was found to be good at this time.

Boston Private has an excellent level of qualified community development investments and grants. The Bank has exhibited an excellent responsiveness to credit and community economic development needs. The Bank has also sought innovative and complex investments to support community development initiatives. Based on the review conducted under the Investment Test, the Bank's investment performance is rated Outstanding.

The Bank has demonstrated an excellent level of service to its assessment area. The Bank's delivery systems are readily accessible to all portions of the assessment area. The Bank's services are tailored to meet the needs of the assessment area, with specific services benefiting low and moderate-income individuals. Bank personnel meet with local community organizations to discuss the credit needs of the community, and make their own personal contributions through volunteer efforts in a variety of public

service, charitable, and youth organizations. Based upon these findings, the Bank granted a rating of outstanding with regards to the Service Test.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS Boston Private Bank & Trust Company			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

PERFORMANCE CONTEXT

Description of Institution

Boston Private is a \$1.8 billion stock-owned financial institution headquartered in Boston, Massachusetts. The Bank was established in 1987 and has established itself as a wealth management institution. The main office is located in Boston's Financial District at Ten Post Office Square. The Bank is a subsidiary of Boston Private Holdings, Incorporated which had assets totaling \$2.9 billion as of September 20, 2004. Boston Private Holdings also owns several other companies which are located in New England, California, New York, and the Pacific Northwest. These include Westfield Capital Management, Incorporated which manages corporate pension funds and endowments; and RINET Company, Incorporated, which provides financial, tax planning, and investment management services. RINET company also has several subsidiaries: Kanon Bloch Carre, which is a mutual fund rating service and investment advisor; Sand Hill Advisors, Incorporated, which manages equity and fixed income accounts; Boston Private Value Investors, which manages equity and fixed-income accounts; and Borel Private Bank & Trust Company, which is an Federal Deposit Insurance Corporation ("FDIC") insured bank in California.

Boston Private also has three subsidiaries: an inactive asset management company in Florida called Boston Private Asset Management; BPB Securities Corporation, which holds securities for the bank's portfolio; and BP Preferred Capital Corporation, which was formed for the purpose of buying, selling, and holding real estate.

As of its September 30, 2004 FDIC quarterly call report, Boston Private had \$1,810,062,000 in assets. This is an increase of 63.3 percent since the previous evaluation. Of these total assets, approximately 71.5 percent were in the form of gross loans. There has not been a significant change in the composition of the Bank's loan portfolio since the previous examination. The Bank continues to primarily be a residential lender. The composition of the Bank's loan portfolio consists of mortgage loans, commercial real estate loans, home equity loans and consumer loans. Business and commercial lending is provided through commercial loans and lines of credit. Refer to the following table for the distribution of the Bank's loan portfolio.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	738,910	57.1
Commercial Properties	159,336	12.3
Commercial and Industrial	139,478	10.8
Construction and Land Development	58,724	4.5
Equity Lines of Credit	56,073	4.3
Multifamily (5 or more dwellings)	43,757	3.4
Consumer Loans	42,802	3.3
Other Obligations	32,313	2.5
Other Loans	23,457	1.7
Farm Loans	900	0.1
Less: unearned income	(1,145)	-
Total Gross Loans	1,294,605	100.0%

Source: September 30, 2004 Report of Condition.

PERFORMANCE CONTEXT (CONTINUED)

Description of Institution (Continued)

Boston Private is primarily a portfolio lender but it does sell loans on the secondary market. In 2003, the Bank sold 951 loans totaling \$316.8 million. In 2004, the Bank sold 359 loans totaling \$113.5 million. The Bank sells the majority of loans to Countrywide and Wells Fargo.

The Bank continues to offer a variety of loan products that include first-time homebuyer residential mortgages, both in-house developed and external programs, other conventional residential mortgages, jumbo residential mortgages, consumer loans, and numerous commercial real estate and commercial loans.

Boston Private specializes in building total banking relationships, especially with affluent individuals and families. The Bank generally makes loans to only those customers with whom it already has or expects to develop an investment, fiduciary, or deposit relationship. The Bank has utilized this relationship building expertise to help meet its CRA obligations by developing ongoing relationships with a multitude of local community groups. These efforts have led to participation in numerous community development projects, community homeowner programs, and other community investments and services.

Although Boston Private has established itself as a wealth management company, the Bank has also allocated considerable resources to establishing a niche in providing home ownership to low and moderate-income families. The Bank has continued to be one of the top lenders in the assessment area to low and moderate borrowers. Boston Private is the number one lender through the Boston Soft Second Loan Program. This program requires considerably more lending resources than traditional loan products. Borrowers must complete a home ownership-counseling seminar, many of which the Bank sponsors. This program also requires the lender to close two loans, a first mortgage and a soft second mortgage, for every home purchased. The Bank also coordinates the loan through the Massachusetts Housing Partnership and counsels the borrowers on obtaining additional down payment and closing costs assistance from the City of Boston. The Bank has two loan officers dedicated to helping low and moderate-income borrowers, both of whom are bi-lingual. In addition, the Bank has one commercial lender dedicated to community development lending, however it remains the Bank's philosophy that the entire lending department achieve the goals of the Bank's community development lending program.

Boston Private operates in a highly competitive market. The Bank's competition consists of several local banks, credit unions, a branch network of national banks and a number of mortgage companies throughout the assessment area. The local banks that compete directly with Boston Private are Bank of America, Citizens Bank, Eastern Bank, Banknorth, Wainwright Bank, Sovereign Bank, Cambridge Trust Company, and Cambridge Savings Bank as well as non profit and quasi-public agencies. The market influence from these entities appears to be significant, and as a result, serves to keep the Bank's rates and services offered very competitive.

PERFORMANCE CONTEXT (CONTINUED)

Description of Institution (Continued)

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2003 aggregate performance data, indicates 594 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have either originated or purchased residential mortgage loans within the Bank's assessment area.

There are no significant financial or legal impediments, which limit the Bank's ability to help meet the credit needs of the community. The Bank's most recent CRA evaluation, performed by the FDIC as of May 6, 2002 assigned a rating of "Outstanding". The previous evaluation performed by the Division as of January 11, 2000 assigned a rating of "High Satisfactory".

Description of Assessment Area

CRA requires a financial institution to identify one or more assessment areas which it intends to help meet the area's credit needs. Boston Private's assessment area includes the following six Massachusetts cities and towns: Boston, Newton, Cambridge, Wellesley, Brookline and Weston. All of the communities are located within the Suffolk and Middlesex County in the in the Boston Metropolitan Statistical Area ("MSA").

Boston, the largest city in the assessment area, is a diverse community that includes residential neighborhoods, university campuses, large corporate offices, and a variety of retail establishments. The capital of the Commonwealth of Massachusetts and the finance, professional and business hub of New England, Boston's key economic areas are technology, financial services and tourism. The city attracts large numbers of young professionals from its prestigious educational institutions, namely Harvard and the Massachusetts Institute of Technology (MIT), situated in the nearby town of Cambridge. An impressive mix of old and new businesses are currently flourishing in this popular business city.

According to 2000 census data, Boston Private's assessment area has 367,846 housing units of which, 37 percent are owner-occupied, 59 percent are rental occupied units and 5 percent are vacant housing units. One to four family properties comprise 59 percent of the total housing units.

Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income ("FHI") within the census tract. The assessment area consists of 225 census tracts: 45 (20 percent) low-income, 72 (32 percent) moderate-income, 54 (24 percent) middle-income and 53 (23.56 percent) upper-income, 1 (.44 percent) as NA. Most of the low- and moderate-income census tracts, 44 and 61 respectively, are located in the City of Boston. The remaining low- and moderate-income tracts (1) and (11) are located in the City of Cambridge. The assessment area is mixed with regards to the income of the area's families. Approximately, 48.7 percent of the area's families are categorized as low- and moderate-income.

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area (Continued)

Please refer to the table below regarding other housing characteristics.

<i>Selected Housing Characteristics by Income Category of the Geography</i>						
<i>Geographic Income Category</i>	<i>Percentage</i>					
	<i>Census Tracts</i>	<i>House holds</i>	<i>Housing Units</i>	<i>Owner-Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>
<i>Low</i>	20%	16.45%	16.6%	7.87%	21.63%	21.36%
<i>Moderate</i>	32.00%	31.51%	31.4%	24.03%	36.26%	28.47%
<i>Middle</i>	24.00%	24.14%	24.1%	28.01%	21.69%	22.99%
<i>Upper</i>	23.56%	27.89%	27.9%	40.09%	20.41%	27.18%
<i>NA</i>	00.44%	-	-	-	-	-
<i>Total or Median</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2000 U.S. Census

Change in MSA for 2004

The Office of Management and Budget ("OMB") revised its Standards for Defining Metropolitan and Micropolitan Areas in December 2000 under the Metropolitan Area program. In June 2003, OMB defined new MSA boundaries, which were then updated in February 2004, effective January 2004. The new definitions resulted in the reintroduction of the term Metropolitan District ("MD") instead of metropolitan area, changing the boundaries of many existing MSAs. The application of OMB's 2000 standards will result in some census tracts changing income levels without any real change in economic conditions within the tracts. In part, these changes are the result of different criteria used by OMB in setting the 2000 standards and, subsequently, the MSA/MetroDiv boundaries that impact 2004 data.

As a result of the OMB revision the census tracts for 2004 are as follows:

Change in MSA Tracts					
Census Tracts	2003 Census Data		2004 Census Data		Change in Number of Census Tracts
	#	%	#	%	
Low	45	20.00	37	16.44	8
Moderate	72	32.00	76	33.78	4
Middle	54	24.00	58	25.78	4
Upper	53	23.56	53	23.56	-
NA	1	.44	1	0.44	-
Total	225	100.0	225	100.0	0.0

The median family income for the Boston MSA for 2003 is \$80,800. The median family income for the Boston Quincy MD and Cambridge, Newton, Framingham MD for 2004 are \$79,100 and \$88,600 respectively. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information. Low-income is

PERFORMANCE CONTEXT (CONTINUED)

Change in MSA for 2004 (Continued)

defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

Demographic information for the Bank's assessment area was obtained from data compiled by the 2000 U.S. Census as well as by the MSA boundaries established in January 2004. Information based on the newly revised MSA boundaries was used to evaluate the Bank's 2004 performance while the "older" boundaries were used to evaluate the Bank's 2003 performance. Consequently, the distribution of loans in 2003 will be discussed separately.

Numerous businesses operate throughout the area, most of which are concentrated in the upper-income census tracts. The highest proportion of these business establishments are engaged in the service industry. Businesses involved in retail trade and construction also make up a significant share of the establishments. Approximately 87.4 percent of the businesses have revenues of under \$1 million and over half employ four or fewer people.

Unemployment figures were obtained for the assessment area. As of December 2004 the assessment area had an unemployment rate of 4.0 percent. The City of Boston had the highest rate while the Town of Weston had the lowest. The assessment's area's unemployment rate was lower than the statewide average of 4.6 percent.

Marketplace

The area's housing prices continue to rise considerably. Statistics published by the Warren Group show that the area's median home sales price for the first nine months of 2004 ranged from a low of \$420,000 in Cambridge to a high of \$1,170,000 in Weston. The residential real estate loans reported on the Bank's HMDA Loan Application Registers ("LAR"s) for 2003 and the first eleven months of 2004 were also considered. The LARs contain data about home purchases and home improvement loans, including refinancing, of one-to four-family properties. This evaluation also considered small business loans reported pursuant to the CRA for 2003 and the first ten months of 2004. The CRA LAR contains information on commercial real estate and commercial/industrial loans originated with balances of \$1 million or less. While the Bank's loan portfolio contains small farm loans, agricultural lending does not play a significant role in the Bank's lending strategy and thus will not be analyzed in this evaluation. Consumer lending was also excluded from this analysis since it accounts for only a small portion of the Bank's total lending activity and the Bank does not collect information regarding such activity.

PERFORMANCE CONTEXT (CONTINUED)

Community Contacts

During the examination the examiners met with individuals from the following organizations: affordable housing for low and moderate income, elderly housing, and housing for veterans agencies. These organizations spoke very highly of the Bank's dedication and efforts in serving the area's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "Outstanding". The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the Bank's performance.

Scope of Evaluation

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its residential mortgage, small business, and community development loans. Residential mortgage and small business loans originated during 2003 and 2004 were included in the Bank's performance.

The data used to evaluate the Bank's lending was derived from the HMDA/LAR, small business loan register, and the Bank's community development loan register.

I. Lending Activity

Boston Private's lending activity and record of extending credit were reviewed during the course of the examination.

As of September 30, 2004 the net loan to deposit ratio was 94.0 percent. This ratio has decreased slightly from 95.5 percent on September 30, 2003. The decrease in this ratio is a result of deposits increasing by 18.9% and net loans increasing by 17.1%.

The Bank's net loans and leases as a percent of assets, as reported in the September 30, 2004, Uniform Bank Performance Report ("UBPR"), was 70.66 percent. The peer group's net loan to asset ratio was 66.69 percent, placing the Bank in the 59th percentile. The Bank's ratio is higher than the peer ratio, however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences.

Boston Private's LARs were reviewed to determine the amount of credit extended within the Bank's assessment area. During this period, the Bank originated 1,141 HMDA-reportable loans totaling \$596.4 million. Of this amount, 750 loans, or 65.7 percent of the

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

number and \$308.3 million or 51.7 percent of the dollar volume was originated in the Bank's assessment area.

By number, Boston, accounted for the largest number of originations with 45.6 percent, followed by Brookline with 6.0 percent. Boston also accounted for the largest dollar volume of originations with 26.6 percent, followed by Newton with 6.8 percent. Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2003	392	65.0%	186,218	53.3%	211	35.0%	163,199	46.7%
2004	358	66.5%	122,106	49.4%	180	33.5%	124,930	50.6%
Total	750	65.7%	308,324	51.7%	391	34.3%	288,129	48.3%

Source: HMDA/LAR, CRA Wiz

As shown in the tables above, the Bank has been consistent in the volume of lending from 2003 to 2004. However, there was a decrease in the dollar volume of loans between the two years. Also, the Bank's lending by dollar volume inside the assessment area is just slightly greater than a majority. This disparity is attributable to the Soft Second Loan Program and its structure. Specifically, when a loan is originated it creates a "soft second" loan, thus positively impacting the number of loans. However, the loan size of the soft second is smaller than the original, thus negatively impacting the dollar volume. This is because the loan size (average of 1st and 2nd) is small when compared to those originated using standard underwriting and therefore has a modest impact on the dollar volume. In 2003, Boston Private ranked 39th out of 529 HMDA reportable lenders in the assessment area. Boston Private originated 392 loans in the assessment area giving the Bank a 0.64 percent market share. The top three lenders with originations in the assessment area were Washington Mutual Bank, FA with a 7.30 percent market share, Countrywide Home Loans with a 6.73 percent market share, and Fleet National Bank with a 5.68 percent share of the market. This level of competition and the market environment further supports that the Bank's lending activity is good.

Small Business Lending

Boston Private's Small Business Loans Registers (SBLRs) were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

Bank originated 412 small business loans totaling \$111.1 million during this period. A total of 248 loans totaling \$56.2 million were originated to businesses within the Bank's assessment area, representing 60.2 percent by number and 50.6 percent by dollar volume. Please refer to the following table detailing the distribution of small business loans inside and outside the assessment area.

Distribution of Small Business Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2003	131	59.8%	30,227	48.6%	88	40.2%	31,962	51.4%
2004	117	60.6%	26,051	53.2%	76	39.4%	22,878	46.8%
Total	248	60.2%	56,278	50.6%	164	39.8%	54,840	49.4%

Source: CRA Data Collection

As shown in the above tables, the small business loan distribution reflects an adequate responsiveness to the assessment area's credit needs. The table shows the Bank originated a majority by number and barely a majority by dollar amount of its small business lending inside the assessment area. This disparity is due to the composition of the Bank's assessment area and the larger dollar volumes being requested from businesses operating outside of the assessment area.

The Bank's geographic distribution of residential and small business loans are considered satisfactory.

II. Geographic Distribution of Loans

Residential Mortgage Lending

FFIEC Table 2a shows the geographic distribution of home purchase loans. Boston Private has achieved an excellent distribution of home purchase mortgages among the low and moderate-income census tracts. This excellent dispersion is due to the Bank offering an array of residential mortgage programs to meet the borrower's needs. It is also a result of the loan staff expending considerable time and effort. The Bank originated 245 home purchase loans in 2003 and 309 in 2004. During 2003, the Bank originated 136 or 55.5 percent of its home purchase loans in low and moderate-income census tracts. The highest percentage of loans was originated within the area's upper-income census tracts with 29.80 percent of the total number of home purchases in 2003. This loan volume is appropriate considering the high number of upper-income census tracts in the assessment area and the high percentage of owner-occupied housing units in those tracts. The moderate-income census tracts accounted for 28.16 percent of home purchase loans in 2003. The low-income census tracts accounted for

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

27.35 percent of home purchase loans in 2003. The Bank's lending in the low-income tracts clearly outperforms both the demographic data and aggregate lending data at 7.87 percent and 13.25 percent, respectively. Boston Private captured 4.1 percent of home purchase market in low-income tracts in 2003 and earned a ranking of fifth. This ranking is impressive given the fact that the top four lenders are significantly larger than Boston Private including three which are mortgage companies.

During 2004, the Bank originated 46.60 percent of its home purchase loans in low and moderate-income census tracts. The Bank originated 12.62 or 39 loans in low-income census tracts and 33.98 and or 105 loans in moderate-income census tracts. These percentages are significantly higher than the percentage of owner-occupied units in these tracts.

FFIEC Table 3a shows the geographic distribution of home improvement loans. The Bank did not originate any loans in 2003 and only 9 in 2004. This was the result of a change in the reporting requirement for HMDA in 2004 where certain loans classified as home improvement were reported as such. Given the limited volume, no analysis was conducted in this category.

FFIEC Table 4a shows the geographic distribution of home mortgage refinance loans. The Bank originated 144 loans in 2003. The Bank originated the highest percent of loans in the upper-income census tracts with 82.64 percent in 2003. The Bank originated 4.86 percent or 7 loans in low-income census tracts and 3.47 percent or 5 loans in moderate-income tracts. These percentages lag both the aggregate and demographic data for 2003. In addition, the Bank originated 9.03 percent or 13 loans in middle-income census tracts. As stated earlier, refinancing loans is not the Bank's primary loan product and is often done to accommodate an existing customer. In addition, many of the loans made in low and moderate-income areas are done through special programs which are typically not available for refinancing.

The Bank's performance in 2004 was quite similar as only 2 of the 40 loans refinanced were in moderate-income census tracts. No loans were originated in the low-income census tracts. In addition, the Bank's refinance lending activity decreased 72 percent from 2003.

FFIEC Table 5a shows the geographic distribution of multifamily loans. The Bank only originated 3 loans for the period under review, all in 2003. All of the loans were originated in moderate-income census tracts.

Small Business Lending

FFIEC Table 6a shows the geographic distribution of small loans to businesses. The majority of loans were originated in the upper-income census tracts. This is not surprising given that the majority of the Bank's branches are located in these tracts and that over 40 percent of the businesses are located there. In addition, the Bank originated 16.03 percent of its small business loans in low-income areas. This percentage compared favorably to the percentage of businesses located there. The

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

distribution of small business lending in 2004 was comparable to that of 2003. The majority of lending continues to occur in the upper and low-income census tracts.

FFIEC Table 7a geographic distribution of small loans to farms was excluded from the analysis due to the urban nature of the Bank's assessment area. The Bank did not originate any small farm loans.

To summarize, the geographic distribution of the Bank's home purchase lending is excellent in the low and moderate-income census tracts. The Bank's performance in low-income census tracts is exceptional. In addition, the Bank's penetration of small business loans among low and moderate-income tracts was good.

III. Distribution of Loans by Borrower Income

Residential Mortgage Lending

This factor assesses how well the Bank is addressing the credit needs of the area's low, moderate-, middle-, and upper-income residents. Special consideration is placed on Boston Private's record of lending to low- and moderate-income borrowers residing in the assessment area. Information on the HMDA\LARs concerning residential mortgage lending shows an excellent distribution of loans among all income levels, especially both low- and moderate-income categories.

FFIEC Table 8a shows borrower distribution of home purchase loans. The Bank originated 245 home purchase loans in 2003. Of these, 177 or 72.2 percent were to low and moderate-income borrowers. The Bank originated 71 or 28.98 percent to low-income borrowers. The distribution among low-income borrowers was significantly higher than the aggregate at 4.74 percent and consistent with the demographics at 31.28 percent. This performance is remarkable considering that the low-income category includes families whose income is considered to be below the poverty level and thus unlikely to qualify for a mortgage. The Bank's distribution among moderate-income borrowers was also very good. The Bank originated 106 loans or 43.27 percent to this income group. The Bank's lending was significantly greater than the demographic data at 17.37 percent and the aggregate data at 18.59 percent.

The Bank's performance in 2004 was equally impressive. The Bank originated 309 home purchase loans in 2004 of which 62.0 percent were to low and moderate-income borrowers. Of this percentage, 52 or 16.88 percent were to low-income borrowers. In addition, the Bank originated 140 or 45.13 percent to moderate-income borrowers. The Bank's performance among low-income borrowers is lower than the demographics of the assessment area. However, it is important to factor in the high percentage of low-income families that have incomes below the poverty level, and thus who are unlikely to qualify for a mortgage. The Bank's performance among moderate-income borrowers is significantly higher than the demographics of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

FFIEC Table 9a shows the borrower distribution of home improvement loans. The Bank originated 9 home improvement loans for 2004. As stated earlier, the Bank does not concentrate on this particular product and the activity in 2004 was the result in a change in the reporting requirement for HMDA.

FFIEC Table 10a shows the borrower distribution of home mortgage refinance loans. The Bank originated 184 loans in 2003 and 2004. Upper-income borrowers accounted for the single greatest share of home mortgage refinance loans originated at 94.41 percent of total volume in 2003 and 90.90 percent in 2004. The Bank refinanced only five mortgages to moderate-income borrowers and all were in 2003. The Bank's lending activity is less than both the aggregate and demographics of the assessment area. As stated earlier, refinances are not the Bank's primary focus and the majority of low and moderate-income borrowers have received funding through special loan programs who are not eligible to refinance.

Small Business Lending

FFIEC Table 11a shows the borrower distribution of small loans to businesses. The Bank has an adequate record of originating small business loans to business with gross annual revenues under \$1 million. The Bank originated 248 small business loans in its assessment area. In 2003, 44.27 percent were originated and in 2004, 39.32 percent were originated to businesses with annual revenues under \$1 million dollars. These percentages are below the 61.53 percent of all businesses that are located within the county. Loan size is another consideration for analyzing lending performance to small businesses. The Bank had an adequate record of lending to small businesses with loan amounts less than \$100,000. Loans less than \$100,000 accounted for 40.46 percent in 2003 and 42.74 percent in 2004.

To summarize, the borrower distribution of the Bank's lending shows the Bank has achieved an excellent dispersion of home purchase mortgages among low and moderate-income borrowers. Nearly 73 percent in 2003 and 62 percent in 2004 were to low and moderate-income borrowers. The Bank has been a significant provider of home mortgages for those of modest means. The Bank ranked 2nd in market share in 2003 in providing home purchase mortgages to low-income borrowers and 3rd to moderate-income borrowers. The Bank's refinancing lending was modest. The Bank's distribution of small business lending by both revenue and dollar amount was adequate.

FFIEC Table 12a borrower distribution of small loans to farms was excluded from the analysis, due to the urban nature of the Bank's assessment area. The Bank did not originate any small farm loans.

Other Lending

FFIEC Table 1- Other Products were excluded because the Bank did not present other optional loans for evaluation. If data was presented, FFIEC Table 13, also excluded, would have reflected the geographic and borrower distribution of consumer loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

IV. Community Development Lending

Boston Private has granted an excellent level of qualified community development loans during this examination period. As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. In addition, unless it is for a multifamily dwelling (five or more units), the loan must not be reported as a home mortgage or small business loan.

During the examination period, Boston Private originated 41 loans totaling \$50,045,971 that meet the definition of Community Development Loans. All of the loans the Bank finances are complex and require special underwriting and understanding of the characteristics unique to the community. Each and every loan requires substantial time and effort due to the entire loan negotiation and closing process. In addition, the Bank has a staff knowledgeable about the market and the types of funding sources required as well as being able to work in cooperation with multiple financing partners. The following describes a sample of the Community Development Loans originated and committed during the period under review.

The Bank has issued a good number of community development loans through this specialized product since 2002 which is the private placement purchase of tax-exempt bonds. The bonds are issued by either Mass Development or the Boston Industrial Development Finance Authority, underwritten by Boston Private, and then purchased as a private placement bond. The transactions are considered community development because the Bank underwrites the transaction as a commercial community development loan. This financing mechanism offers borrowers who are eligible for tax exempt financing, the ability to receive substantially below cost funding, often up to 200 basis points less than a market transaction. This is possible because Boston Private passes on the benefit of the tax exempt rate to the borrower.

In 2004, the Bank originated a \$3.47 million dollar loan to a non-profit agency serving low-income elders to build a new facility in the Dudley Square neighborhood of Boston. This was the first new construction development in Dudley Square in over 30 years. This loan is structured as a private placement tax exempt bond purchase issued by the Boston Industrial Development Finance Agency.

In 2004, the Bank originated a \$3.436 million dollar loan to renovate a historic property in the Egleston Square neighborhood of Roxbury into 44 apartments for low-income people. The financing included construction and long-term financing as well as bridge financing against Low-Income Housing Tax Credit program syndication proceeds.

In 2004, the Bank provided a \$1.827 million dollar loan to a non-profit agency for the new construction of 11 affordable homeownership units and 2 affordable rental units in the Dudley Triangle neighborhood of Roxbury.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

In 2004, the Bank provided a \$1,175 million dollar loan to a minority-owned company to construct 8 new affordable units for first time homebuyers on Blue Hill Avenue in Roxbury. The Bank has worked with the borrower since 1996 on this transaction.

In 2004, the Bank provided a \$4 million dollar loan to a non-profit to finance a 51-unit low-income housing development with a ten year affordability deed restriction in Roxbury.

In 2003, the Bank provided \$450,000 in financing to a non-profit organization that provides intensive training and hands-on skill development apprenticeships for low-income students.

In 2003, the Bank \$347,000 in financing to a 40 year-old non-profit organization in Dorchester to finance improvements to a 20 room homeless family shelter with 53 beds and to expand the shelter to include 4 new rooms.

In 2003, the Bank provided a \$300,000 loan to a homeless shelter provider in Jamaica Plain.

V. Innovative or Flexible Lending Practices

Boston Private continues to design and participate in loan programs aimed at meeting the credit needs of low and moderate-income individuals, first time homebuyers and small businesses. These programs use flexible underwriting terms and offer reduced costs. These programs are detailed below.

Boston, Brookline, Newton, Cambridge, and other cities Soft Second Loan Program

The Bank participates in the "Soft Second" loan program in conjunction with the respective municipality, the Massachusetts Affordable Housing Alliance, the Massachusetts Housing Partnership Fund, and the Commonwealth of Massachusetts to make available below-market financing to borrowers earning less than 100 percent of the area median income based on household size. Under the program, the Bank offers long-term, fixed rate, reduced cost mortgages and used flexible underwriting standards. No Private Mortgage Insurance ("PMI") is required. Buyers that qualify must attend approved homebuyer education training and participate in foreclosure prevention programs. During the examination period, the Bank originated 246 loans totaling \$47,043,725.

Equity Builder Program

This program made available by the Federal Home Loan Bank of Boston to member banks to help low and moderate-income homebuyers purchase homes through a "soft" second mortgage program. Under the program, Boston Private offers up to \$15,000 at 0 percent interest. Repayment of the loan is required only if the homebuyer sells, refinances, otherwise transfers ownership of the property, or if the home is foreclosed upon within five years of closing. After five years, the loan is forgiven. The program started in 2003, and the Bank applied and successfully received a grant of \$53,000 to

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

provide homebuyers with closing costs and downpayment assistance. With these funds, five buyers were assisted with grants ranging in size from \$6,650 to \$13,650. In 2004, a grant of \$58,300 was obtained and used to assist one buyer with a \$10,000 grant.

MassHousing Mortgage Program

The Bank works with MassHousing to finance first time homebuyers that meet income guidelines and purchase homes in the City of Boston. Homebuyers who qualify are eligible for long term, fixed rate mortgages. Flexible underwriting standards are used. PMI is required for all loans in excess of 80 percent loan-to-value. Buyers must attend approved homebuyer education training. The Bank originated 12 loans totaling \$2,519,757 during the evaluation period.

MassHousing No-Downpayment Program

The Bank works with MassHousing to provide no-downpayment mortgages to low and moderate-income first time homebuyers. Under this program, the Bank offers low-interest rate loans for income-eligible families who earn enough to make a monthly mortgage payment, but have not been able to save enough for a down payment. PMI is required. Buyers must attend approved homebuyer education training. This program has had limited activity with one loan being originated for \$216,000.

Community Homeowner Flexible Mortgage Program

The Bank offers a no points option under this program at very competitive rates. Boston Private allows a 3 percent down payment on a single family home or condominium, a 5 percent down payment on a two-family home, and a 5 percent down payment on a three-family home. All loans with a loan-to-value greater than 80 percent require PMI. No activity occurred during the evaluation period.

Subordinate Mortgage Program

Boston Private offers subordinate loans through secondary market sources to qualifying homebuyers. Homebuyers can borrow up to 95 percent of the value at a reduced cost, with a combination of two mortgages. The first mortgage, through the mortgage products described above (Mass Housing, Community Flexible Mortgage Program) is for up to 80 percent of the value. The Bank offers this second mortgage product for up to 15 percent of the value. PMI is not required. One loan totaling \$128,250 was originated during the evaluation period.

Boston Home Works Program

This program works in collaboration with the City of Boston's Department of Neighborhood Development. A Boston homeowner earning up to \$65,000 annually is eligible to receive a grant of up to one-third of the cost of an approved home improvement project. The Bank provides a reduced cost home equity loan with a term of 1 to 15 years using flexible underwriting standards. The loan is secured by a second

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

mortgage on the home and requires an 80 percent loan-to-value ratio. No loan activity was reported during the evaluation period.

Small Business Administration (SBA)

Boston Private continues to be a participating SBA lender. The following is a description of SBA programs the Bank offers:

- The LowDoc program is 90 percent guaranteed by the SBA, which focuses on the character, credit, and business experience of the applicant, rather than availability of collateral. In addition, documentation requirements are minimal.
- The 7a program provides start-up costs to small businesses. The bank funds the entire loan, with SBA guaranteeing between 75 percent and 90 percent, depending on the use of the loan proceeds.
- The Women's Pre-Qualification Program was created to help women small businesses that have been traditionally under served by the lending community. The program helps prepare applicants prepare the loan pre-qualification application, and upon approval, provides the applicant with a SBA commitment letter for up to \$250,000. With a commitment letter in hand, the applicant can approach SBA lenders for a loan and receive expedited consideration.
- The 504 Loan program provides long-term, fixed-rate financing to small businesses to acquire real estate or machinery or equipment for expansion or modernization. Typically a 504 project includes a loan secured from a private-sector lender with a senior lien, a loan secured from a CDC (funded by a 100 percent SBA-guaranteed debenture) with a junior lien covering up to 40 percent of the total cost, and a contribution of at least 10 percent equity from the borrower. The maximum SBA debenture generally is \$1 million dollars.
- The Export Working Capital Program (EWCP) was designed to provide short-term working capital to exporters. The SBA's Export Working Capital Program (EWCP) supports export financing to small businesses when that financing is not otherwise available on reasonable terms. The program encourages lenders to offer export working capital loans by guaranteeing repayment of up to \$1.5 million or 90 percent of a loan amount, whichever is less. A loan can support a single transaction or multiple sales on a revolving basis.

Under these programs, the Bank originated 5 loans totaling \$1,990,000.

Boston Private Bank Community Partners Loan Program

This program is focused on areas targeted by the City of Boston for economic development. Boston Private works in partnership with the City of Boston's Office of Business Development, Nuestra Comunidad Development Corporation, and the

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

Community Business Network, including Dorchester Bay Economic Development Corporation, Jamaica Plain Neighborhood Development Corporation, and Allston-Brighton Community Development Corporation. Other nonprofit, small business technical service providers are also eligible for participation. Community partners works with small businesses to submit completed application packages from eligible small business borrowers to the Bank for review and approval. Below market rates, reduced fees, smaller loan sizes, and more flexible underwriting criteria are offered. Five loans totaling \$1,015,966 were originated.

Massachusetts Small Business Capital Access Program (MassCap)

The Bank is a member of the MassCap Program administered by the Massachusetts Business Development Corporation. This program is designed to assist banks lending to Massachusetts businesses to make loans that do not meet traditional underwriting standards, but are consistent with safety and soundness principles. The program is designed to use a small amount of public resources to leverage substantial bank financing and is based on a risk pooling concept. The Bank originated three loans totaling \$550,000 under this program.

Boston Private Bank Portfolio Program

The Bank offers financing for small businesses under its other lending products. These loans, some of which are government-backed, support economic development initiatives targeted to businesses located in lower income geographies or are to women or minority-owned businesses. The Bank originated 27 loans totaling over \$4 million dollars in this program.

Federal Home Loan Bank of Boston Community Development Advance (CDA)

The Bank has been approved for \$44.6 million in CDA's through the Federal Home Loan Bank to fund affordable housing in addition to large scale economic development and small business lending. Thus far, all the funds have been dispersed. Additionally, the Bank was approved for an additional \$19 million in CDA funding to finance home mortgages for low- and moderate income homebuyers under the Soft Second loan program. Of this amount, \$13 million has been dispersed. As the Bank receives a discount on the cost of funds, this is an incentive to lend to community development projects and small businesses. During the examination, the Bank obtained financing to support 16 community development projects.

VI. Fair Lending Policies and Practices

The Bank's lending and compliance policies address fair lending issues. The policies address specific areas such as loan review, staff training, fair lending procedures, a loan application and evaluation process as well as applicable rules and regulations regarding the Fair Housing Act, ECOA, the Consumer Protection Regulation, and Regulation C.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

All employees are provided with training appropriate to their job description and their responsibilities with fair lending issues. This includes information regarding both technical requirements that come into play, as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance.

The Bank has an established program of taking a second look at residential real estate, home equity loans, and small business loans that are slated for denial. A secondary review of adverse action decisions are completed by the Bank's second review committee which consists of the bank's CRA Officer, the President and the Head of Residential Lending.

The Bank's Compliance Officer conducts comprehensive reviews of the HMDA/LAR and Small Business Loan Register to check for accuracy on a quarterly basis. In addition, the Compliance Officer conducts periodic fair lending audits and CRA audits.

A fair lending review was performed as part of the examination to ensure compliance with the governing fair lending regulations. The review identified no violations of the substantive provisions of the anti-discriminatory laws and regulations.

Minority Application Flow

Boston Private's assessment area contains 869,514 individuals, 361,542 or 41.6% of whom are minorities. The assessment area's minority population is 0.2% Native American, 8.4% Asian, 17.9% Black, 11.2% Hispanic and 3.9% Other based on 2000 demographic data.

A review of residential loan applications was conducted in order to determine the number of applications the Bank received from minorities. The Bank received 930 residential loan applications from within its assessment area. During this period, 253 applications or 27.2% were received from minorities. Of the 253 applications received, 205 or 81.0 percent resulted in originations. The Bank's minority application flow appears to be below 2000 Census information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

Refer to the following table for further details.

MINORITY APPLICATION FLOW								
RACE	Boston Private Bank 2003		2003 Aggregate Data		Boston Private Bank 2004		Boston Private Bank TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	0	0.0	331	0.3	1	0.2	1	0.1
<i>Asian</i>	23	4.7	5,221	4.3	41	9.2	64	6.9
<i>Black</i>	45	9.3	10,442	8.7	63	14.2	108	11.6
<i>Hawaiian/Pac Isl.</i>	-	-	-	-	0	0.0	0	0.0
<i>Hispanic</i>	37	7.6	4,593	3.8	29	6.5	66	7.1
<i>Other</i>	9	1.9	2,632	2.2	-	-	9	1.0
<i>2 or more Minority</i>	-	-	-	-	0	0.0	0	0.0
<i>Joint Race</i>	-	-	-	-	5	1.1	5	0.5
Total Minority	114	23.5	23,219	19.3	139	31.2	253	27.2
<i>White</i>	276	56.9	65,596	54.6	264	59.3	540	58.1
<i>Not Provided</i>	91	18.8	20,829	17.3	-	-	91	9.8
<i>NA</i>	4	0.8	10,407	8.8	42	9.5	46	4.9
Total	485	100.0	120,051	100.0	445	100.0	930	100.0

*Source: CRA Wiz Software.

An analysis was also performed comparing the Bank's application flow levels in 2003 to all other HMDA-reporting lenders. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

Aggregate information for 2003 indicated that, of the 120,051 HMDA-reportable applications received by all other lenders within the Bank's assessment area in 2003, 19.3 percent were from minorities: 0.3 percent from Native Americans, 4.3 percent from Asians, 8.7 percent from Blacks, 3.8 percent from Hispanics, and 2.2 percent from Other Minorities. The Bank received 485 applications during the same period. Of these, 23.5 percent were from minorities: 0.0 percent from Native Americans, 4.7 percent from Asians, 9.3 percent from Blacks and 7.6 percent from Hispanics, and 1.9 percent from Other minorities. Boston Private's minority application flow when compared to the other lenders within the assessment area is above the aggregate.

VII. Loss of Affordable Housing

The Bank's participation, along with its development of credit products with flexible lending criteria, and its community development lending has assisted low and moderate-income individuals and small businesses to remain in their neighborhoods.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (CONTINUED)

CONCLUSION (Lending Test)

Taking into account the number and amount of home mortgage and small business loans in its assessment area, Boston Private has demonstrated excellent responsiveness to the assessment areas credit needs. A majority of the Bank's loans were made within its assessment area and were well distributed throughout the communities within the assessment area. The Bank's lending also demonstrates a excellent distribution of loans among individuals of different income levels. The Bank has a good record of serving businesses with gross annual revenues of \$1 million or less. The institution has granted an excellent level of community development loans, and has used innovative and flexible lending practices to address the credit needs of low and moderate-income individuals and small businesses. In addition, the Bank's fair lending performance was found to be good at this time. Therefore, the institution's lending performance receives an overall rating of Outstanding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. Boston Private is rated "Outstanding" in this area. The following describes the institution's qualified investments.

Investments

In 2003, the Bank purchased \$500,000 of stock in the Access Capital Strategies Community Development Fund. The fund invests primarily in mortgage-backed securities to support low and moderate-income homebuyers and multi-family residential developments. The Bank's money is allocated to investments made by the fund in the greater Boston area. The \$500,000 was fully advanced in 2003.

The Bank invested \$1,000,000 into the Boston Capital Corporate Tax Credit Fund in 2003. The fund invests in housing for low-income households nationwide. The Bank's investment is allocated to support the development of a 64 unit affordable housing development in Dorchester. Two advances totaling \$305,018 were made in 2003 and 2004.

In 2003, the Bank invested \$1,020,000 in the Massachusetts Housing Equity Fund Low Income Housing Tax Credit Fund. The Bank continues to hold three equity investments in MHEF. As of January 25, 2005, the investments have a combined book value of \$834,372.

The Bank invested \$1,000,000 in the Massachusetts Housing Investment Corporation New Markets Fund I in 2004. The fund was initiated under the New Markets Tax Credit Program, which was created by Congress in 2000 to promote economic development in low and moderate-income communities. The Bank's investment was among the first investments closed in the country. The program allows investors to receive a credit against their federal income tax for qualified investments made by the fund. Two advances on 2004 were made totaling \$524,526.

In 2004, the Bank committed \$1,860,000 to the Massachusetts Business Development Corporation's ("MBDC") loan pool. The MBDC targets minority and women-owned businesses, non-profits, community development organizations, businesses in economically disadvantaged neighborhoods, and businesses with a predominantly minority work force for its lending. The Bank advanced \$347,688 in 2004.

Boston Private purchased a \$665,000 bond from the Qualified Zone Academy Bond ("QZAB") in 2002. The bond was issued in support of the Media and Technology High School in Brighton which serves low-income students. This investment was the first of its

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

INVESTMENT TEST (CONTINUED)

kind in Massachusetts. QZAB's are allocated to states by Congress to finance the renovation of school facilities and are designed to encourage collaboration between private businesses and educational institutions. The Bank receives tax credit in lieu of interest income. The Bank purchased two additional QZABs in 2003 and 2004 totaling \$6,084,000 in support of the Neighborhood House Charter School in Dorchester which serves low and moderate-income students.

Boston Private continues to hold a capital investment in the Small Business Investment Company ("SBIC") Zero Stage Capital VII. SBIC provides equity capital for start-up small businesses. The current value of the investment is \$993,680.

The Bank continues to hold a QZAB purchased in 2001. The bond has a book value of \$5,605,000.

Boston Private continues to hold an equity investment in the Massachusetts Housing and Investment Corporation. The Bank's investment was used to finance affordable housing and other community development projects. This investment maintains a book value of \$300,000.

The Bank continues to hold an equity investment in Boston Community Capital. This organization's mission is to create and preserve healthy communities where low-income people live and work. It has been designated as a Community Development Financial Institution. This investment has a book value of \$200,000.

Boston Private continues to hold an investment in the MB Capital Fund II. The fund's purpose is to stimulate the economy and promote job creation and retention. The book value for this investment is \$500,000.

Charitable Contributions

The Bank has provided contributions to organizations that provide education and training, affordable housing, youth programs, and health and human services for individuals in need. During the review period, the Bank provided \$643,180 in charitable contributions, in support for development of facilities which promote community development, as defined under the CRA regulation. The following are examples of these contributions:

Consumer Credit Counseling Services (CCCS)

CCCS of Southern New England is a non-profit agency that provides counseling to individuals experiencing financial hardship. Educational training is also provided in an effort to help these individuals achieve their financial goals. Approximately, 56 percent of CCCS's clients are low or moderate-income individuals. CCCS maintains two offices that are located within the Bank's assessment area. These offices are located in Waltham and Woburn.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

INVESTMENT TEST (CONTINUED)

Cambridge Family YMCA

The YMCA provides transitional and permanent housing for displaced, homeless, battered women, recovering substance abusers, and mentally and physically handicapped economically disadvantaged women. After-school and membership assistance programs are targeted to low-income families in Cambridge. Approximately 90 percent of the children served by this organization are from low-income families and/or receive financial assistance.

Cambridge Housing Assistance Fund

This organization is committed to preserving the diversity and character of Cambridge by providing an economic and education bridge to housing for the homeless and near homeless families.

Center for Women and Enterprise

The program was designed to meet the unique educational needs of very low-income women living in inner cities. The program introduces aspiring entrepreneurs to the basics of financial literacy, from developing a personal budget to understanding cash flow statements.

Dimock Community Foundation

This non-profit organization operates a myriad of social and health service programs, including mental and physical healthcare services, substance abuse programs, child and family development programs, and career development initiatives. The majority of the organization recipients are low- or moderate-income.

Massachusetts Association of Community Organizations for Reform Now (ACORN)

This is a grassroots community organization of low and moderate-income families who have come together to improve their communities. ACORN focuses on the empowerment of low- and moderate-income people by identifying and researching community issues and developing direct action campaigns to resolve these issues.

Massachusetts Association of Community Development Corporations (MACDC)

The MACDC was established in 1980 as a trade association, which advances the work of non-profit community based development organizations ("CDC"s). MACDC helps its 66 member CDCs to develop housing, create jobs, provide services and increase the self-sufficiency of residents in urban and rural communities throughout Massachusetts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

INVESTMENT TEST (CONTINUED)

Just A Start Corporation

Just A Start is a non-profit community development corporation whose primary goals are to train youths and adults for better jobs; further educational or specialized training opportunities; improve housing conditions while working on housing cost and other financial problems; stabilize existing ownerships and tenancies; and develop and retain long-term affordable rental and first time homebuyer housing. Areas served by Just A Start are Cambridge, Somerville, and the Northwest Metropolitan Boston Area.

CONCLUSION (Investment Test)

As depicted above, Boston Private has an excellent level of qualified community development grants, and has exhibited excellent responsiveness to credit and community economic development needs based on the opportunities in the assessment area. Therefore, the Bank's investment performance is rated Outstanding.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. Boston Private's service activities are "Outstanding".

The Bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. The Bank's low cost checking and savings accounts, as well as the convenience of its automated telephone banking system service, customer service center, and website, are tailored to the convenience and needs of its assessment area.

Officers and employees of the Bank have provided a high level of service activity in response to community needs. Retail banking services and products offer consumers flexibility and convenience. In addition, officers and employees of the Bank provide an excellent level of involvement in community organizations located throughout its assessment area. The following details the institution's services.

Retail Banking Services

Distribution of Branches

Boston Private is located in Post Office Square at 10 Post Office Square, Boston Massachusetts, an upper-income census tract. In addition to the main office, the Bank operates six full-service branch offices and one loan production office in Jamaica Plain. The Bank's branch located in Cambridge is located in a moderate-income census tract. The remaining branches are located within middle or upper-income census tracts. The Bank also operates three stand-alone ATMs in Cambridge, Newton, and Wellesley.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

SERVICE TEST (CONTINUED)

Branch hours are convenient and comparable to other institutions, and services of the Bank are more than sufficient to meet the needs of the assessment area. Office hours for the branches are generally 8:30 a.m. to 5:00 p.m. Monday through Friday. The loan production office in Jamaica Plain is open from 8:30 a.m. to 5:00 p.m. Monday through Friday. None of the locations maintain Saturday hours.

Automated Teller Machines (“ATMs”) are located at all branches. However, not all of the Bank’s ATMs are deposit taking or accessible 24 hours 7 days a week. The Bank’s standalone ATM in Wellesley and the ATMs on site at the branch on Boylston Street and at the main office are accessible only during building hours (6:30 a.m. until 6:30p.m. Monday through Friday). The ATM at the branch on Boylston Street does not accept deposits. The Bank’s ATMs are linked to the SUM network, which allows non-Boston Private ATM cardholders of other SUM network institutions free use of Boston Private’s ATMs. Conversely, Boston Private customers can use other Sum network ATMs without being assessed a surcharge by the other institutions. In addition, the ATM network is linked to the CIRRUS and NYCE networks.

Record of Closing Branches

The Bank maintains a Branch Office Closing and Opening policy. The policy details the procedures the Bank will follow before closing or opening a branch office. No branches have been closed since the previous examination. The Bank opened a new branch in Newton in 2002. Two stand-alone ATMs were also opened in 2002 in Cambridge and Newton. The Bank also opened a new branch at 157 Seaport Boulevard in 2003. In April 2004, an ATM was established in the Hyde-Jackson Square of Jamaica Plain.

Alternative Banking Services

Boston Private also offers internet banking located at www.bostonprivatebank.com., this feature gives customers the ability to manage one’s finances from a home or office computer, free of charge. Customers can review checking, savings, and CD accounts, check account balances, make loan payments, transfer funds between accounts, view account histories, and view paid check imaged online. Customers can also sign up for the bill pay feature, which enables customers to pay their bills online. Bill pay carries a nominal fee.

Banking by mail is also available for opening and closing accounts, deposits and withdrawals, loan payments, transfers, and CD rollovers. The Bank provides customers with pre-paid postage envelopes for all mail transactions originated in the United States.

Currently, there are 23 bilingual employees to assist the non-English speaking customers and potential customers at the Bank. Second languages include Arabic, Chinese, Creole, French, Greek, Haitian, Hindi, Italian, Kashmiri, Malaysian, Portuguese, Russian, Spanish, Swahili, and Urdu. As a result, the Bank is able to provide better service to customers of different ethnic backgrounds.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

SERVICE TEST (CONTINUED)

Other Services

A variety of deposit products, loan products and business services are available at Boston Private locations. The Bank offers checking, passbook and statement savings, certificates of deposit, and individual retirement accounts. The following details the low cost savings and checking accounts offered by the Bank.

Boston Private has a checking and savings account that meet the Basic Banking for Massachusetts guidelines. This program was developed to expand access to bank products and services and to encourage those with modest incomes to establish banking relationships.

Boston Private offers a full range of business banking products and services. These services include business checking, business savings, certificate of deposit accounts, merchant card services, and night deposit service. Commercial loan products include commercial real estate loans, letter of credit, lines of credit, secured loans, term loans, and SBA and other guaranteed loan programs.

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service that is primarily for community development purposes and is related to the provision of financial services. Boston Private's qualified community development services demonstrate a high level of community development service with many of the Bank's officers providing their technical expertise, experience and judgment to these organizations.

The Bank has taken a proactive approach to meet the needs of its assessment area. The Bank's CRA Officer continues to dedicate the majority of her time serving as a board or committee member for numerous community organizations. In addition, employees of the Bank are involved in nearly 50 different community development and non-profit organizations all of which promote affordable housing, neighborhood stabilization, and community development. Detailed below are committees for which she and other employees serve on.

Citizen's Housing and Planning Association (CHAPA): is a non-profit umbrella organization for affordable housing and community development activities throughout Massachusetts. Its mission is to encourage the production and preservation of affordable housing for low-income individuals and families. CHAPA pursues its goals through advocacy with local, state, and federal officials; research on affordable housing issues; education and training for organizations and individuals; and coalition and consensus building among broad interests in the field. The Bank's CRA Officer is a Board Member. The Bank's CRA Associate and loan officer also participate in the Association Section 8 Homeownership Committee.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

SERVICE TEST (CONTINUED)

Massachusetts Community and Banking Council's mission is to serve as a research and policy center to promote community investment in minority and low and moderate-income communities. The organization also serves as a point of contact between bankers and the community. The Board of Directors comprises bankers and community members who meet to discuss problems, anticipate needs, and formulate initiatives. The Bank's CRA officer is a member of the Board of Directors and is its Chair, is a member of its affordable housing and mortgage committee, and co-chairs its Economic Development Committee.

Dorchester Bay Economic Development Corporation was founded in 1979 by a few neighborhood associations, to reverse the economic disinvestment, blight, unemployment, crime, and community tensions that have afflicted the North Dorchester and East Roxbury communities of Boston. Its job is to provide access to resources that will help develop affordable homeownership and rental housing; strengthen the local economy; and build community self-government through organizing and leadership development. An employee of the Bank serve on its loan committee and another employee serves on its planning committee.

Hyde/Jackson Main Street Organization A employee of the Bank serves on the Board of Directors, the Economic Restructuring Committee and is the acting chair for the Design Committee.

Metropolitan Boston Housing Partnership ("MBHP") strives to guarantee that all low- and moderate-income residents are decently housed and have the maximum amount of choice and mobility. MBHP is the state's largest regional provider of rental housing voucher assistance, serving homeless, elderly, disabled, and low-income individuals and families in Boston and 32 surrounding communities. The Bank's CRA Officer is a member of the Board of Directors, a member of its Executive Committee, and the Housing Development/Asset Management Committee.

Other organizations that officers and employees lend their technical expertise to include civic, charitable, religious and fraternal organizations located throughout the assessment area.

Educational Seminars

Bank officers and employees have also participated in seminars and other events sponsored or co-sponsored by the Bank during 2003 and 2004. These events provide opportunities for bank representatives to inform those in attendance about the products and services offered by the Bank and to gain information about unmet credit needs in the assessment area.

Bank officers regularly collaborate with non-profit agencies to provide first-time homebuyer counseling classes. The classes are available in English and Spanish. During the examination, 60 seminars were offered serving 1,166 individuals. One of the classes was done in partnership with Deaf, Inc. for deaf-mute participants.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

SERVICE TEST (CONTINUED)

The Bank partners with non-profit organizations and public agencies with ties in low and moderate-income communities to provide financial literacy education. Topics include basics of banking, budgeting, and credit issues. During the evaluation period, the Bank sponsored 21 financial literacy classes that were taught to audiences varying from students from low and moderate-income families to residents involved in the Family Self Sufficiency Program. Four of the classes held for students were in a bi-lingual Chinese/English class. Two of the classes held for low and moderate-income individuals in partnership with a non-profit organization were based on the FDIC Money Smart program.

In 2003 and 2004, Boston Private supported the work of the Earned Income Tax Credit Coalition and the City of Boston. The coalition provides tax preparation assistance at no cost and financial education to low and moderate-income families. It also assists them in obtaining the tax credit to which they are entitled. The Bank hosted two breakfasts for the Coalition's tax assistance center staff to coordinate and troubleshoot and a luncheon for tax assistance center coordinators.

Boston Private has also sponsored or participated in nine small business forums. Annually, in conjunction with the Hyde/Jackson Main Street Program, the Bank co-sponsored small business breakfast forums for business owners in the Hyde-Jackson Square area of Jamaica Plain. Spanish translation was provided. Also, annually, the Bank sponsored the Women's Enterprise Initiative, a partnership of the City of Newton and the New England Women Business Owners. The business plan forums occurs three times a year and offer the opportunity for a woman entrepreneur to present her business plan for evaluation to a panel of experts and an audience of business owners and others.

Miscellaneous

Boston Private has expended considerable resource on making application to the Federal Home Loan Bank of Boston's Affordable Housing Program on behalf of various community development organizations. During this examination period, the Bank obtained two grants through this program. Both of these grants were awarded in 2002. However, it should be noted that the Bank sponsored and submitted an additional seven applications during the evaluation period on behalf of numerous other community development organizations that were not awarded.

The Bank regularly hosts breakfast "friend raiser" events on behalf of non-profit organizations to help promote their work in the community through its Social Investing Series. Some of the recent sessions have focused on the challenges of financing and constructing affordable housing and resources for small businesses. The Bank sponsored 16 events.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

SERVICE TEST (CONTINUED)

In 2004, Boston Private established the Community Partner Outreach Program. Through this program, the Chief Executive Officer and CRA Officer regularly meet with non profit organizations to obtain a more in depth understanding of the community development and credit needs of the assessment area.

The Bank has provided banking, deposit, and investment management services at a reduced cost for a variety of organizations including Hale Barnard House and United South End Settlements.

CONCLUSION (Service Test)

As illustrated above, officers and employees of Boston Private demonstrated an excellent level of service activity and involvement in community organizations throughout its assessment area. The Bank's products and alternative banking services are tailored to the convenience and needs of its assessment area including low and moderate-income borrowers. Therefore, a rating of "Outstanding" is warranted.

APPENDIX A

SCOPE OF EXAMINATION: Boston Private has one assessment area that was reviewed on-site using the Large Bank CRA evaluation Procedures. The evaluation included an assessment of the bank's performance within the assessment area, which included the Boston-Quincy Metropolitan District and Cambridge-Newton-Framingham Metropolitan District. A review of the Divisions records, as well as the bank's CRA Public File, did not reveal any adverse comments relating to the bank's CRA performance since the prior examination. The period under review is May 5, 2002 through January 10, 2004. Residential lending activity as reported on the 2003, and 2004 HMDA/LAR and small business loan data reported on the 2003 and 2004 CRA Loan Application Register.

APPENDIX B

METROPOLITAN STATISTICAL AREAS

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BOSTON-QUINCY, MASSACHUSETTS MD:

Boston Private operates its main office, three branches, and a loan production center in this MD. Each location is equipped with an ATM. Two standalone ATMs are also maintained in this area.

Included in the Boston-Quincy MD are the communities of Boston, Brookline, and Wellesley. An overwhelming majority of the census tracts making up the bank's assessment area are located in this MD. These include 34 low, 66 moderate, 41 middle, and 33 upper-income census tracts. The area has a population of 672,861 residents, which is concentrated primarily in the moderate-income census tracts. The distribution of households by income level is as follows: 32.9 percent are low-income, 18.0 percent are moderate-income, 18.4 percent are middle-income, and 30.9 percent are upper-income. The area's business establishments are for the most part evenly distributed among the census tracts, with upper-income census tracts containing the greatest percentage.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BOSTON-QUINCY, MASSACHUSETTS MD:

Lending Test

The Bank's lending in the Boston-Quincy MD is appropriate based on the Bank's structure, branch office network, and the area's population and housing characteristics.

The Bank originated 326 home mortgage loans for the first eleven months of 2004 totaling \$102.4 million. This represents 91.1 percent of the HMDA reportable loans originated in the overall assessment area by number and 83.9 percent by dollar volume. Of these loans, 88.3 percent were for the purpose of purchasing a home. The Bank also originated 101 small business loans totaling \$22.1 million. This represents 86.3 percent of the CRA reportable loans originated within the Bank's assessment area by number and 84.9 percent by dollar amount.

The home purchase loans were concentrated mainly within the moderate-income census tracts. It is the Bank's mission to assist in providing home ownership opportunities for those with modest incomes. The majority of the Bank's refinances were in upper-income census tracts. Lending to moderate-income borrowers accounted for the greatest share of the total volume of home purchase loans followed by upper-income borrowers. In addition, the overwhelming majority of refinances went to upper-income individuals. The Bank's small business lending was concentrated in the upper-income census tracts which is consistent with where the majority of branches are located. The Bank also originated less than a majority of its small business loans to businesses with revenues under a million dollars.

The Bank originated a high level of community development loans within the assessment area portion of the Boston-Quincy MD that meet the definition of community development.

The Bank's loan products are offered throughout the assessment area.

Investment Test

Boston Private's investment activity in the Boston-Quincy MD is similar to its performance throughout the assessment area. The Bank's qualified investments benefited organizations in its entire assessment area, including the Boston-Quincy MD.

Service Test

The Bank's performance in the Boston-Quincy MD is identical to its performance in the entire assessment area. The Bank's products and services are offered and accessible throughout the assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CAMBRIDGE-NEWTON-FRAMINGHAM, MASSACHUSETTS MD:

Boston Private operates two branches in this MD. Each location is equipped with an ATM. The Bank also operates two standalone ATMs.

The Cambridge-Newton-Framingham MD contains the communities of Cambridge, Newton, and Weston. The area is comprised of 50 census tracts: 3 low, 10 moderate, 17 middle, and 20 upper-income census tracts. The area has a population of 196,653 residents, most of whom reside in the upper-income tracts. The distribution of households by income level is as follows: 20.1 percent are low-income, 13.7 percent are moderate-income, 16.5 percent are middle-income, and 49.7 percent are upper-income. The area's businesses are located in upper-income tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CAMBRIDGE-NEWTON-FRAMINGHAM, MASSACHUSETTS MD:

Lending Test

The Bank's lending in the Boston-Quincy MD is appropriate based on the Bank's structure, branch office network, and the area's population and housing characteristics. The Bank originated 32 home mortgage loans for the first eleven months of 2004 totaling \$19.7 million. This represents 8.9 percent of the HMDA reportable loans originated in the overall assessment area by number and 13.7 percent by dollar volume. Of these loans, 67.7 percent were for the purpose of purchasing a home. The Bank also originated 16 small business loans totaling \$3.9 million. This represents 13.7 percent of the CRA reportable loans originated within the Bank's assessment area by number and 15.1 percent by dollar amount.

The home purchase loans and refinance were concentrated mainly within the upper-income census tracts. Lending to upper-income borrowers accounted for the greatest share of the total volume of home purchase loans followed by middle-income borrowers for

refinances. The Bank's small business lending was concentrated in the upper-income census tracts which is consistent with where the majority of branches are located. The Bank also originated less than a majority of its small business loans to businesses with revenues under a million dollars.

The Bank originated a high level of community development loans within this MD.

All the bank's flexible loan products are available.

Investment Test

Boston Private's investment activity in the Cambridge-Newton-Framingham MD is similar to its performance throughout the assessment area. The Bank's qualified investments benefited organizations in its entire assessment area, including the Cambridge-Newton-Framingham MD.

Service Test

The Bank's performance in the Cambridge-Newton-Framingham MD is identical to its performance in the entire assessment area. The Bank's products and services are offered and accessible throughout the assessment area.

APPENDIX C

FFIEC Interagency Core CRA public Evaluation Tables

OVERALL LENDING DATA

Depending on the number of optional loan products being considered in the CRA evaluation, Table 1 can consist of two separate and distinct “subtables”.

Table 1: Lending Volume

- Presents the number and dollar amount of reportable loans originated and purchased by the institution and its affiliates, if applicable, over the entire evaluation period by assessment area. The deposit data in this table are compiled by the FDIC and are available only as of June 30th of each year.

Table 1: Other Products

- Presents the number and dollar amount of any unreported category of loans originated and purchased by the institution and its affiliates, if applicable, also being considered during the CRA evaluation.

Examples include consumer loans or other data an institution may provide concerning its lending performance.

LENDING PRODUCTS^{*}

Table 2a: Geographic Distribution^{**} of Home Purchase Loans

Table 3a: Geographic Distribution of Home Improvement

Table 4a: Geographic Distribution of Home Mortgage Refinance Loans

Table 5a: Geographic Distribution of Multifamily Loans

- Compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies.
- Presents the most recent aggregate or market share data available.

Table 6a: Geographic Distribution of Small Loans to Businesses

^{*} Whenever a table has a column for a “% of Total,” the percentage should be of the total for the *rated area*, not the overall institution.

^{**} None of the tables containing information relating to distribution by income level of geography (Tables 2 and 2a through 6 and 6a and tables 13 and 14) include a column for geographies that have not been assigned an income classification. These are commonly referred to as “NA” geographies. As such, the sum of the distribution in low-, moderate-, middle-, and upper-income geographies in an assessment area may not equal 100 percent. Loans lacking income data are not included in the calculation of the distribution by income level of geography.

- Shows the percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies compared with the percentage distribution of businesses (regardless of revenue size) throughout those geographies.
- Presents the most recent aggregate or market share data available.

Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the institution's assessment area.

Table 7a: Geographic Distribution of Small Loans to Farms

- Shows the percentage distribution of the number of small loans (less than or equal to \$500 thousand) to farms originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies compared with the percentage distribution of farms (regardless of revenue size) throughout those geographies.
- Presents the most recent aggregate or market share data available.

Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the institution's assessment area.

Table 8a: Borrower Distribution of Home Purchase Loans

Table 9a: Borrower Distribution of Home Improvement Loans

Table 10a: Borrower Distribution of Home Mortgage Refinance Loans

- Compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each assessment area.
- Presents the most recent aggregate or market share data available.

Table 11a: Borrower Distribution of Small Loans to Businesses

Table 12a: Borrower Distribution of Small Loans to Farms

- Compares the percentage distribution of the number of small loans (for businesses, less than or equal to \$1 million; for farms, less than or equal to \$500 thousand) originated and purchased by the institution and its affiliates, if applicable, to businesses or farms with revenues of \$1 million or less to the percentage distribution of businesses or farms with revenues of \$1 million or less or .
- Presents the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, by loan size, regardless of the revenue size of the business or farm.
- Presents the most recent aggregate or market share data available.

Table 13: Geographic and Borrower Distribution of Consumer Loans

- For geographic distribution, compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies with the percentage distribution of households within each geography.
- For borrower distribution, compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each assessment area.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (10 Post Office Square, Boston, MA 02109)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.